

Message Text

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ACTION EA-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
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P R 161011Z AUG 78
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC PRIORITY 7817
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY MANIAL
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 2 KUALA LUMPUR 9023

GENEVA FOR USMTN

E. O. 11652: GDS
TAGS: ASEAN, ETRD, EINV
SUBJ: MALAYSIAN FOREIGN MINISTER'S REACTIONS TO ASEAN MEETING

RER: A) STATE 204795 (NOTAL, B) STATE 204347, C) STATE 202046,
D) STATE 202045, E) STATE 198173 (NOTAL)

1. I CALLED ONFOREIGN MINISTER RITHAUDDEEN AUGUST 15
TO OBTAIN HIS ASSESSMENT OF THE ASEAN-US MINISTERIAL
MEETING SIN WASHINGTON. HIS GENERALLY POSITIVE REMARKES
TO ME PARALLELED DEPARTMENT'S PERCEPTION OF THE GOM
DELEGATIONS' REACTONS AS REPORTED REF A. THE
FOREIGN MINISTER INDICATED THAT THE RESULTS EXCEEDED
HIS EXPECTATIONS, POINTING TO THE SECRETARY'S AND
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THE PRESIDENT'S EXPRESSIONS OF SUPPORT FOR EARLY
CONCLUSION OF AGREEMENT ON A COMMON FUND AS A PAR-
TICULAR WELCOM "NEW DEVELOPMENT." HE ALSO CITED THE
DETAILED US-ASEAN DISCUSSION OF THE COMMON FUND
LED BY UNDERSECRETARY COOPER AUGUST 4 (REF B) AS
BEING HIGHLY USEFUL IN GAINING INSIGHTS INTO US
THINKING ON THE CF. FINALLY, HE TOLD ME THAT THE

IMPORTANT "INTANGIBLES" FROM THE MEETING WERE ALSO APPRECIATED. THUS HE PERCEIVES THE HIGH-LEVEL PERSONAL CONTACTS WITH SENIOR ADMINISTRATION OFFICIALS, KEY CONGRESSIONAL LEADERS, AND SOME TOP US BUSINESS REPRESENTATIVES, AS REFLECTING AN AWAKENING OF US INTEREST IN ASEAN AND HOPES THAT THIS MOMENTUM CAN BE MAINTAINED BY HOLDING THE NEXT ROUND IN THE DIALOGUE ALSO AT THE MINISTERIAL LEVEL.

2. COMMON FUND. THE FOREIGN MINISTER CITED THE AUTHORITATIVE USG STATEMENT ON THE COMMON FUND AS THE HIGHLIGHT OF THE MEETINGS. HE SAID THAT HE READ CONSIDERABLE SIGNIFICANCE INTO THE VERY POSITIVE USG REMARKS ON THE COMMON FUND, A SUBJECT OF CONSIDERABLE IMPORTANCE TO MALAYSIA. AS HE PUT IT, NOT ONLY WERE THESE REMARKS SAID IN A FACE-TO-FACE CONTEXT BUT THEY WERE REINFORCED BY THE SECRETARY AND BY THE PRESIDENT HIMSELF. THE US ADMINISTRATION HAS THUS MADE CLEAR ITS EARNEST DESIRE FOR SUCCESSFUL CONCLUSION OF AGREEMENT ON A COMMON FUND. ASEAN VIEWS THIS AS A NEW DEVELOPMENT IN THE US POSITION SINCE NAIROBI, HE ADDED.

3. THE FOREIGN MINISTER WENT ON TO CITE THE BRIEFING BY INDER SINGH KHOSA (OF THE PRIMARY INDUSTRIES MINISTRY) HAD GIVEN HIM ON THE MEETING WITH UNDERSECRETARY
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COOPER WHICH HAD BROUGHT HOME THE FACT THAT NO MATTER HOW SYMPATHETIC THE ADMINISTRATION IS TO THE IMPORTANCE OF A COMMON FUND, IT IS ALSO NECESSARY TO GAIN CONGRESSIONAL SUPPORT FOR IT. RTHAUDDEEN SAID THAT FROM THE BRIEF MEETINGS WITH SENATORS AND CONGRESSMEN HE HAD OBTAINED THE IMPRESSION THAT THEY HAD MISCONCEPTIONS ABOUT THE COMMON FUND, VIEWING IT AS AN OPEC-LIKE CARTEL ARRANGEMENT. HE THEREFORE SEES THE NEED FOR INCREASED CONTACTS WITH CONGRESSMEN AND SENATORS, ADDING THAT WE HAD ASKED AMBASSADOR ZAIN TO FOLLOW-UP ON THIS IN ORDER TO REASSURE CONGRESS THAT "OUR OBJECTIVE IS NOT TO JACK UP THE PRICE" (FOR COMMODITIES UNDER A CF ARRANGEMENT).

4. ACCORDING TO THE FOREIGN MINISTER, MALAYSIA HOPES TO PLAY A MODERATING ROLE IN THE COMMON FUND NEGOTIATIONS. HE NOTED THAT EVEN AMONG THE G-77 THERE IS CONSIDERABLE DIVERGENCE OF VIEW ON HOW TO PROCEED ON THIS. WHEN ASKED WHETHER THE WASHINGTON ASEAN DISCUSSIONS ON THE COMMON FUND WOULD BE HELPFUL IN THIS PROCESS OF TRYING TO BRING OTHERS TOGETHER IN A MORE FLEXIBLE NEGOTIATING POSTURE, HE

INDICATED THAT HE THOUGHT IT MIGHT. HOWEVER, ALTHOUGH ENCOURAGED BY WHAT HE SEES AS A MORE FORTHCOMING USG POSITION, HE THOUGHT IT OULD TAKE LONGER THAN ENVISAGED UDER THE CURRENT NOVEMBER BUADLINE. HE SAID HE HAD HAD A DISCUSSION WITH UNCTAD'S SYG COREWG WHO FELT THE DEADLNE WOULD HAVE TO BE PUSHED BACK SOME MONTHS.

5. STABEX. RITHAUDDEEN NOTED THERE HAD BEEN LITTLE DISCUSSION OF STABEX, AS THERE WAS NO REAL CHANGE IN THE US POSITION . BUT HE DID EXPRESS UNDERSTANDING OF THE US POSITION THAT WE PREFER GLOBAL MEASURES AS OPPOSED TO PREFERENTIAL TREATMENT FOR SPECIFIC REGIONS.

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6. MTN. THE FOREIGN MINISTER REFERRED TO THE INFORMAL EXCHANGES ON MTN THAT HAD TAKEN PLACE IN WASHINGTON BETWEEN MALAYSIA'S MTN EXPERTS ON THE DELEGATION AND THEIR US COUNTERPARTS. HE SAID THAT AS FAR AS MALAYSIA IS CONCERNED, "WE ARE VERY HAPPY" WITH THE PROGRESS BEING MADE, INDICATING THAT MALSYAI "IS LOOKING INTO THE MATTER OF BINDING".

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C O N F I D E N T I A L SECTION 2 OF 2 KUALA LUMPUR 9023

GENEVA FOR USMTN

HE ADDED THE GOM WILL BE WAITING TO SEE HOW CONCESSIONS
ALREADY OFFERED BY THE US WOULD BE IMPLEMENTED. HE DESCRIBED THESE
WASHINGTON MEETINGS AS "USEFUL CHATS THAT WILL PAVE THE WAY FOR
FURTHER PROGRESS IN GENEVA."

7. INVESTMENT. THE FOREIGN MINISTER EXPRESSED SATISFACTION WITH
THE DISCUSSIONS ON US INVESTMENT IN THE ASEAN REGION AND SAID
IHAT THE GOM WILL LOOK FORWARD TO RECEIVING THE FORTHCOMING
OPIC AND EX-IM BANK MISSIONS. HE INDICATED THAT IN THE BRIEF
AND INFORMAL CONTACTS IN WASHINGTON WITH US BUSINESS REPRESENT-
ATIVES OF ASEAN ON THEIR PART; THUS HE SEES THESE TWO DELEGATIONS'
PENDING VISITS TO THE ASEAN NATIONS AS HELPING TO "INTRODUCE"
ASEAN TO THE US BUSINESS COMMUNITY.

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8. THE FOREIGN MINISTER STRESSED THE IMPORTANCE
PRIME MINISTER HUSSEIN ONN ATTACHES TO ATTRACTING
FOREIGN INVESTMENT AND IN TAKING MEASURES AS NECESSARY
TO IMPROVE THE INVESTMENT CLIMATE. IN THIS
REGARD, TENGKU RITHAUDDEEN NOTED, SHOULD I ON
ANY OCCASION RECEIVE ANY COMPLAINTS FROM US BUSINESS-
MEN, I SHOULD NOT HESITATE TO BRING THEM TO HIS
ATTENTION. FINALLY, HE EXPRESSED HOPE THAT AVENUES
CAN BE FOUND TO ATTRACT GREATER NUMBERS OF SMALL
AND MEDIUM-SIZED COMPANIES, PERHAPS AS JOINT VENTURES,
FOR EXAMPLE, IN FIELDS SUCH AS FURNITURE MAKING.

9. CONGRESSIONAL CONTACTS. RITHAUDDEEN REITERATED
HIS NEW FOUND VIEW OF THE IMPORTANCE FOR ASEAN AND
THE GOM TO INTENSIFY CONTACTS WITH US CONGRESSMEN.
HE WAS VERY INTERESTED IN WHETHER ANY CONGRESSMEN
WOULD BE ACCOMPANYING THE OPIC AND EX-IM DELEGATIONS.
I TOLD HIM I DOUBTED THAT WAS LIKELY, BUT PROMISED
TO REPORT HIS INTEREST IN INCREASING CONTACTS WITH
US PARLIAMENTARIANS, INCLUDING THE IMPORTANCE OF
CONGRESSMEN COMING OUT HERE.

10. THE NEXT ROUND. THE FOREIGN MINISTER NOTED
THAT THERE WERE SOME SUGGESTIONS THAT MALAYSIA HOST
THE NEXT ROUND OF THE ASEAN-US DIALOGUE TO BE

HELD SOMETIME NEXT YEAR IN ONE OF THE ASEAN CAPITALS.
HE SAID THAT HE WAS NOT ABLE TO MAKE ANY COMMITMENTS
ON THIS. IN ANY CASE HE HOPES THAT THE NEXT SESFDOK
WILL ALSO BE AT THE MINISTERIAL LEVEL IN ORDER TO
SUSTAIN THE MOMENTUM OF THESE HIGH-LEVEL CONTACTS.
I EXPRESSED MY PERSONAL COMMENT THAT ALTHOUGH I
WAS UNABLE TO PREDICT WITH CERTAINTY THE LEVEL OF
US ATTENDANCE, BECAUSE OF HEAVY CABINET-LEVEL SCHEDULES,
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I WAS REASONABLY CERTAIN THAT THE US WOULD SEND
MINISTERIAL-LEVEL REPRESENTATION TO THE NEXT ROUND,
PARTICULARLY IN VIEW OF THE NEW PROMIENICE OF
ASEAN IN THE FOCUS OF ATTENTION OF THE USG.

11. COMMENT: MY OVERALL IMPRESSION IS THAT FOREIGN
MINISTER RITHAUDDEEN IS QUIETLY SATISFIED
WITH THE OUTCOME OF THE ASEAN WASHINGTON TALKS,
HAS GREATER APPRECIATION OF THE IMPORTANCE OF
INCREASED CONTACTS WITH CONGRESSIONAL REPRESENTATIVES
REGARDING MATTERS OF CONCERN TO MALAYSIA, AND SEES
THESE TALKS NOT ONLY AS MARKING THE INTENSIFICATION
OF US RELATIONS WITH ASEAN PER SE BUT ALSO AS A
NEW STAGE IN THE DEVELOPMENT OF OUR BILATERAL RELATIONS.
WE WILL BE REPORTING IN SEPTEL ADDITIONAL REACTIONS
FROM OTHER MEMBERS OF GOM DELEGATION.MILLER

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